Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

12 March 2026

CAN Europe letter to EU leaders ahead of the 19-20 March European Council

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To: President António Costa, President Ursula von der Leyen, Members of the European Council, Members of the General Affairs Council

Copy: Executive Vice-President Teresa Ribera, Executive Vice-President Stéphane Séjourné, Commissioner Wopke Hoekstra, Commissioner Jørgensen, Commissioner Serafin

Dear EU leaders,

Ahead of the 19–20 March European Council, Climate Action Network (CAN) Europe is writing on behalf of more than 200 member organisations representing over 40 million citizens across Europe to share our recommendations.

We are deeply concerned by the war on Iran and escalating conflict across the region, with devastating human toll. We denounce breaches of international law and urge EU Member States to pursue constructive and united diplomacy to bring the war to an end.

This crisis is another stark reminder that Europe cannot achieve real energy security while remaining dependent on fossil fuel imports, regardless of their origin. At this moment marked by wars, geopolitical shocks, profound industrial transformation and accelerating climate impacts, the decisions taken at this Summit will be pivotal for Europe's future and its impact on the world. They will help determine whether the European Union will choose to anchor its competitiveness, security and prosperity in a resilient, climate-neutral and socially just economic model or to risk falling behind in the global transition.

The discussions on competitiveness and the 2028–2034 MFF must therefore send a clear signal: Europe's economic and security strategy and its budgetary priorities must be firmly aligned with its climate objectives.

The EU's Multiannual Financial Framework (MFF) 2028-2034

Investments in the green transition is a strategic imperative for Europe. It safeguards competitiveness by ensuring leadership in the global clean technology race, creating future-proof industries and jobs. Crucially, it enhances energy security and strategic autonomy by replacing expensive and volatile fossil fuel imports with domestic, renewable power. It also directly addresses the cost-of-living crisis, as homegrown renewables provide permanently lower energy bills, shielding citizens and businesses from geopolitical price shocks. A decisive shift to a decarbonised economy is the most effective route to a resilient, affordable, and self-sufficient European future whilst delivering quantifiable socio-economic benefits for all Member States.

Yet, as acknowledged among others by the Draghi Report on the Future of European Competitiveness, the EU faces an investment gap of at least EUR 477 billion per annum to decouple the EU's energy and transport infrastructure from fossil fuel dependence, while other estimates put this gap higher.

Within this context, we call you to:

- **Support the modest increase in the MFF's size** proposed by the European Commission.
- **Increase of the green mainstreaming target to 50% in the next MFF, with 10% of funds earmarked for biodiversity**; at a minimum, the current 35% target proposed should be safeguarded while removing exemptions from the calculation basis of this percentage.
- **Revise Annex 1 of the horizontal expenditure tracking and performance framework to prevent greenwashing** and funds flowing to activities that deepen the EU's reliance on fossil fuels. We also call on you to support the proposed horizontal implementation of the Do No Significant Harm (DNSH) principle across the EU budget, including a permanent phase-out of investment subsidies for fossil fuels.
- **Support the reintroduction of a standalone LIFE programme** to avoid the proposed fragmentation of LIFE actions across ECF and the NRPPs to fundamentally undermine this flagship programme.
- **Ensure dedicated earmarked funding for Just Transition Regions**, beyond the provision for a minimum amount of funds dedicated to less developed regions in Heading I, to ensure predictable funding for regions in transition following the phase out of the Just Transition Fund.
- **Increase earmarked funds for the European Competitiveness Fund's "Clean Transition and Industrial Decarbonisation" window,** which currently represents only 11.2% of the ECF (MFF component). This percentage should be increased to at least 43% of the ECF; or at a minimum to 25% of the MFF component of the ECF, ensuring an equal prioritisation of the four windows proposed.

Fostering Europe's industrial renewal, innovation and reducing dependencies

Embracing Europe's industrial renewal cannot mean remaining locked into fossil-based technologies and supply chains where the EU will never again regain a durable comparative advantage. A resilient and competitive European industry will instead depend on accelerating the shift towards clean production, electrification and circular value chains that reduce structural dependencies on imported fossil fuels and volatile commodity markets. As more than 100 companies have just stated in an open letter, a strong and predictable carbon price remains a cornerstone of Europe's industrial transformation and a key signal for investors deciding where to locate the next generation of clean industrial projects.

We therefore call for:

- **Maintaining the stability and predictability of the EU ETS framework**, avoiding ad hoc market interventions or the reopening of core parameters outside the ordinary legislative process;
- **Preserving the agreed trajectory of the system**, including the planned phase-down of free allocations and the integrity of benchmark revisions;

At the same time, building a "made-in-Europe" industrial strategy requires creating markets for clean products and supporting sectors where Europe can genuinely lead the next industrial cycle. It must therefore focus on sectors with real decarbonisation potential that can strengthen Europe's resilience, deliver quality jobs, and reinforce global climate ambition.

We therefore call for:

- **Rapid deployment of strong demand-side measures** under the Industrial Accelerator Act to create credible lead markets for low-carbon industrial products;
- **Increasing the ambition of decarbonisation thresholds and performance criteria over time** so that policy continues to reward genuine low-carbon production and reflects investments already underway in Europe;
- **Swift delivery of a clear and ambitious definition of "green steel"** through the Ecodesign Regulation for iron and steel products, including a clear timeline that provides certainty for investors and supports the scaling of clean steel value chains in Europe;

Affordable Energy Prices

Against the backdrop of escalating geopolitical tensions and the war in Iran, which once again exposes Europe's vulnerability to fossil fuel price volatility, and at a time of persistently high energy costs, we urge you to prioritise solutions that deliver structural and lasting price reductions, while preserving the integrity of the EU climate and energy framework.

We therefore call for:

- **Accelerate the transition to a renewables-based energy system as the structural solution to lower costs:** Expanding renewable energy and non-fossil flexibility is the most effective and sustainable way to bring down power prices, rather than reopening core elements of the EU framework, such as the Electricity Market Design or the Emission Trading System (ETS). The current price pressures are driven primarily by fossil fuel reliance, not the design of the electricity market, and regions with high shares of wind and solar already demonstrate structurally lower wholesale prices and reduced exposure to fossil fuel price volatility. The priority should therefore be to remove practical barriers that limit renewables' full price-lowering potential - including obstacles to long-term PPAs, grid bottlenecks, and insufficient deployment of storage and demand response.

- **Use targeted short-term measures that preserve market stability**: Member States have clear levers to provide relief to both industry and households without undermining price signals. Reforming electricity taxation, by reducing or suspending excessive levies and shifting public policy costs from electricity bills to general budgets, can immediately lower prices. Where industry faces acute pressure, temporary and targeted lump-sum support, conditional on industrial transformation, is preferable to structural market interventions, as it avoids regulatory uncertainty. Importantly, revenues from the EU ETS provide a ready and coherent source of funding for such targeted measures. Undermining the ETS through structural market interventions would weaken the carbon price signal, risk reducing auction revenues available to Member States, and create regulatory uncertainty that could deter clean investment.
- **Place citizens and fairness at the centre of the response**: High electricity prices are driving energy poverty and eroding public trust in the transition. Any short-term industrial support should be matched by equally robust measures for households, ensuring fairness and social cohesion remain guiding principles of Europe's energy policy. This is why it is crucial to empower households to actively participate in the energy system and benefit directly from renewable deployment, as recognized by the recent Citizens Energy Package. Targeted income support and expanded access to energy efficiency can provide decisive relief, while enabling participation in demand response and energy communities will lower system cost and reduce bills over time. Progressive implementation of such measures is needed to ensure that intervention reduces social inequalities rather than exacerbates them.
- **Tax excess profits of fossil fuel companies**:Taxation of fossil fuel profits beyond temporary approaches is key to Europe's economy and energy security. The windfall profits of the fossil fuel industry, following Russia's invasion of Ukraine, have been flowing largely to shareholders. These colossal profits reflect a profound misallocation of capital: money that could be invested in the EU's productive economy — renewable energy, grid modernisation, energy efficiency and storage — is instead dispensed to shareholders. We call for a **permanent tax on fossil fuel excess profits, which** would raise public revenue and send a signal to investors that fossil fuel investments will yield lower returns in the future, helping redirect capital towards what is needed.

Yours sincerely,

Chiara Martinelli

Chiara Martinelli, Director